

FISCAL NOTE

HB 3837 - SB 3963

February 28, 2008

SUMMARY OF BILL: Increases the special allocation of state and local sales tax revenue to entities responsible for debt retirement on qualified baseball and softball complexes.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$350,000

Other Fiscal Impact – The decrease of state revenue noted above would be earmarked for paying debt service incurred to construct the qualified baseball and softball complexes. If the qualified baseball and softball complexes are owned by local governments, then \$112,500 of local government revenue would be earmarked for paying debt service incurred to construct the qualified baseball and softball complexes. If the qualified baseball and softball complexes are owned by private entities, then local governments would experience a decrease of revenue estimated to be \$112,500 per year.

Assumptions:

- To be considered a qualified baseball and softball complex, the complex must be comprised of at least 19 baseball and softball fields, be designed to host both local league play, as well as regional and national youth baseball and softball tournaments, and be constructed adjacent to a stadium used by a franchise for a minor league affiliate (playing at the AA level or higher) of a Major League Baseball team (American or National League).
- Under current law, only state and local sales tax revenue derived from the sale of food and drinks occurring at a qualified baseball and softball complex are eligible for the current allocation.
- This bill authorizes additional allocations of state and local sales tax revenue derived from admissions, parking charges, souvenirs, memorabilia, related services, and other goods and products associated with a qualified baseball and softball complex.

- The fiscal impact of this bill is dependent upon the number of existing qualified baseball and softball complexes and the extent to which these existing complexes generate revenue derived from admissions, parking, souvenirs, memorabilia, related services, and other goods and products.
- There are five baseball teams in Tennessee competing at the AA level or higher: the Nashville Sounds (AAA), the Memphis Redbirds (AAA), the Tennessee Smokies (AA), the West Tennessee Diamond Jaxx (AA), and the Chattanooga Lookouts (AA).
- Given that qualified baseball and softball complexes must be located adjacent to minor league stadiums, significant revenue could be generated on minor league game days from admissions, parking, souvenirs, memorabilia, related services, and other goods and products. Such total revenue is estimated to be \$5,000,000 per year.
- The current state sales tax rate is seven percent.
- The decrease of state revenue is estimated to be per year ($\$5,000,000 \times 7.0\% = \$350,000$) per year.
- The impact to local governments is dependent upon whether or not the existing qualified baseball and softball complexes are owned by local governments or by private entities.
- The local option sales tax rate is estimated to average 2.25 percent.
- The amount of local government revenue that would be earmarked is estimated to be \$112,500 [$(\$5,000,000 \times 2.25\% = \$112,500)$ per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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